

Message Text

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PAGE 01 STATE 132920
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PARIS FOR USOECD

E.O. 11652: N/A

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SUBJECT: VISIT OF TOMAS CHAVARRI

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PAGE 02 STATE 132920

REF: MADRID 4589 AND PREVIOUS

SUMMARY: DURING HIS VISIT CHAVARRI WAS INTERESTED MOST IN
TRADE AND ENERGY. HE REVEALED SPAIN SOON WOULD MAKE AN
MTN OFFER TO THE US. CHAVARRI INDICATED SPAIN WOULD
SUPPORT THE US ON MOST NORTH/SOUTH ISSUES BUT COULD NOT PUT
ITSELF IN DIRECT OPPOSITION TO THE G-77.

1. DURING HIS MAY 17 AND 18 VISIT TO WASHINGTON, TOMAS CHAVARRI, THE SUBDIRECTOR GENERAL FOR MULTILATERAL ECONOMIC RELATIONS IN THE SPANISH FOREIGN OFFICE, DISCUSSED NORTH/SOUTH ISSUES WITH ASSISTANT SECRETARY KATZ (EB), OTHER DEPARTMENT OFFICERS, AND OFFICIALS IN TREASURY, THE NSC, AND STR. CHAVARRI SEEMED MORE INTERESTED IN LEARNING THE US VIEWS ON NORTH/SOUTH TOPICS THAN IN PROVIDING THE US WITH A DETAILED EXPLANATION OF SPAIN'S POSITIONS.

2. CHAVARRI PLAINLY WAS INTERESTED MOST IN ENERGY AND TRADE. HE REPEATEDLY EXPRESSED SPAIN'S CONCERN THAT THERE WAS NO MULTILATERAL FORUM IN WHICH FUEL PRICING AND OTHER ENERGY QUESTIONS COULD BE DISCUSSED. DEPARTMENT OFFICIALS

SAID THAT THEY DID NOT BELIEVE OPEC WOULD AGREE TO AN ENERGY FORUM NOW. IN THE US VIEW, ANY INITIATIVE FOR AN ENERGY FORUM MUST COME FROM THE GROUP OF 77. THE TERMS OF REFERENCE FOR SUCH A BODY MUST ADDRESS ENERGY AS A GLOBAL ISSUE, BE BROAD ENOUGH TO INCLUDE CONSIDERATION OF LONG-TERM PRICE AND SUPPLY QUESTIONS, AS WELL AS NEW WAYS TO ADDRESS THE ENERGY PROBLEMS OF DEVELOPING COUNTRIES.

3. IN HIS DISCUSSION ON TRADE, CHAVARRI REVEALED THAT SPAIN SOON WOULD MAKE AN MTN OFFER TO THE UNITED STATES LIMITED OFFICIAL USE

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PAGE 03 STATE 132920

WHICH WOULD PROVIDE CONCESSIONS CONSISTENT WITH SPAIN'S LEVEL OF DEVELOPMENT. HE NOTED THAT SPAIN IS NEGOTIATING WITH THE EC AND EFTA OUTSIDE THE MTN. WITH RESPECT TO OTHER LDCS SPAIN WOULD CARRY OUT ITS NEGOTIATIONS IN THE CONTEXT OF THE PROTOCOL OF 16.

4. CHAVARRI EXPRESSED INTEREST IN A NUMBER OF NON-TARIFF MEASURES (NTMS) ISSUES INCLUDING SAFEGUARDS AND SUBSIDIES. IN THE DISCUSSION OF CURRENT SUBSIDIES/CVD BILATERAL PROBLEMS, CHAVARRI STATED THAT SPAIN WOULD BE ADOPTING THE EUROPEAN VAT IN THE EARLY 1980S WHICH SHOULD ALLEVIATE THE CALCULATION PROBLEMS ARISING FROM SPAIN'S CURRENT TAX AND REBATE SYSTEM. WE ASSURED CHAVARRI THAT US LAW WOULD BE CHANGED TO REFLECT ANY SUBSIDIES CODE TO WHICH WE AGREED.

5. IN HIS MEETING AT STR, CHAVARRI ASKED ABOUT THE POSSIBILITY OF US TARIFF CONCESSIONS ON SHERRY AND GREEN OLIVES. HE WAS TOLD THAT SHERRY IS A DIFFICULT ITEM BUT THAT A US CONCESSION ON GREEN OLIVES WAS LESS DIFFICULT. SPAIN'S REQUEST WOULD OF COURSE BE CONSIDERED IN THE CONTEXT OF WHAT CONCESSIONS SPAIN WAS WILLING TO MAKE.

AT STR CHAVARRI AGAIN REITERATED THE IMPORTANCE TO SPAIN OF AN INJURY PROVISION BUT SAID THAT SPAIN WOULD EXAMINE CAREFULLY ANY PROPOSED IMPROVEMENT OF THE PRESENT SITUATION WITH REGARD TO SUBSIDIES AND CVDS.

6. ON DEBT RESCHEDULING, CHAVARRI SAID SPAIN AGREES WITH THE US CASE-BY-CASE APPROACH AND WITH THE NEED FOR IMF STABILIZATION AGREEMENTS.

7. CHAVARRI LISTENED WITH INTEREST TO THE EXPOSITION OF THE US POSITIONS ON THE COMMON FUND AND THE INTEGRATED PROGRAM ON COMMODITIES. CHAVARRI SAID SPAIN DOES NOT ADVOCATE A COMMON FUND AND IS CONCERNED ABOUT BUFFER STOCK COMMODITY AGREEMENTS BECAUSE BOTH COULD REQUIRE CONTRI-LIMITED OFFICIAL USE

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PAGE 04 STATE 132920

BUTIONS WHICH SPAIN CANNOT AFFORD NOW.

8. ASSISTANT SECRETARY KATZ AND OTHER OFFICERS IN EB AND IN IO GAVE CHAVARRI THEIR APPRAISALS OF THE MAY 3 TO 12 MEETING OF THE UN OVERVIEW COMMITTEE. THEY OBSERVED THAT THE RESULTS OF THE MEETING WERE MIXED. DURING THE FIRST WEEK THERE WAS A USEFUL EXCHANGE OF VIEWS ON INTERNATIONAL ECONOMIC PROBLEMS, BUT DURING THE FINAL DAYS OF THE SESSION, THE DEVELOPING COUNTRIES INSISTED ON THE NEGOTIATION OF A COMMON STATEMENT OF CONCLUSIONS WHICH WAS A REHASH OF MATERIAL FROM CIEC AND OTHER NORTH/SOUTH DOCUMENTS. WE HOPE THE SEPTEMBER MEETING WILL BE MORE FRUITFUL. CHAVARRI WAS NOT OPTIMISTIC THAT THE GROUP OF 77 WOULD COOPERATE IN MAKING THE OVERVIEW COMMITTEE A USEFUL FORUM TO DISCUSS, BUT NOT NEGOTIATE, INTERNATIONAL ECONOMIC ISSUES.

9. DURING HIS COURTESY CALL ON DEPUTY ASSISTANT SECRETARY BARBOUR (EUR), CHAVARRI AND SPANISH EMBASSY OFFICERS DE ERICE AND CORTES RAISED THE BILATERAL QUESTION OF SPANISH FISHING IN US WATERS. DE ERICE AND CORTES EXPRESSED GRATITUDE FOR THE DEPARTMENT'S HELP DURING THE SEIZURE OF THE COSTA DE NORUEGA AND SAID THAT SPANISH RELATIONS WITH THE COAST GUARD HAVE BEEN BETTER THAN EVER SINCE THE INCIDENT.

10. CHAVARRI EXPRESSED INTEREST IN HAVING A MEETING OF THE OECD XCSS BEFORE THE BONN SUMMIT TO LET SPAIN AND OTHER COUNTRIES WHICH WILL NOT ATTEND THE SUMMIT KNOW THE SUMMIT PARTICIPANTS' VIEWS ON NORTH/SOUTH ISSUES. WE ARE STILL EXAMINING WHETHER THERE SHOULD BE AN XCSS MEETING BEFORE THE SUMMIT.

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PAGE 05 STATE 132920

11. THE VISIT WENT WELL AND CHAVARRI SEEMED PLEASED WITH HIS MEETINGS. WE FOUND THAT SPAIN'S VIEWS ON NORTH/SOUTH ISSUES ARE IN GENERAL SIMILAR TO OURS. CHAVARRI COMMENTED THAT SPAIN VIEWS ITSELF AS BEING A CROSS BETWEEN A DEVELOPED AND A DEVELOPING COUNTRY. HE SAID THAT THERE ARE A NUMBER OF CATEGORIES OF DEVELOPING COUNTRIES AND THAT AS COUNTRIES BECOME MORE DEVELOPED, THEY SHOULD UNDERTAKE GREATER OBLIGATIONS IN THE WORLD ECONOMIC SYSTEM. CHAVARRI INDICATED THAT, WHILE SPAIN WOULD SUPPORT THE UNITED STATES QUIETLY ON MOST NORTH/SOUTH ISSUES, IT IS NOT STRONG ENOUGH TO PLACE ITSELF IN DIRECT OPPOSITION TO THE GROUP OF 77. CHRISTOPHER

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